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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WASHINGTON, May 21--The Foreign Agricultural Service of the U.S. Department of Agriculture today issued the following report of recent developments in world agriculture and trade:

GRAIN AND FEED

EGYPT recently announced a series of policy changes that could affect the volume of its wheat and wheat flour imports. Although the government's immediate objective is to increase the flour extraction rate to produce more flour (and more bread) from a ton of wheat, its secondary objective is to alter consumption habits by imposing the following regulations--exclusive use of domestically milled wheat in domestic bread production; increased extraction rates for all wheat flour used in bread; and higher sales prices for imported fancy flour sold to macaroni and pastry producers.

These new policies are intended to help stabilize costs of government wheat and flour subsidies, estimated at about $840 million in 1979. Balady, the traditional flat brown bread, is currently subsidized at about 70 percent of production cost, compared to about 60 percent for shamy (flat white) bread. As a result of the new extraction rates, balady bread is now darker in color and different in taste. The government is hoping consumers will switch to higher priced, less heavily subsidized breads, including a new "special" balady, which is larger, lighter in color, and more expensive than the traditional balady.

Prices of imported flour sold to macaroni and pastry producers also have been increased by 58 and 117 percent, respectively. The government maintains that pastry producers have made particularly high profits as a result of previously low input costs for fancy flour. Consumer flour prices have been raised by about 60 percent.

One effect of these new policies could be higher Egyptian wheat imports. In 1979 Egypt imported about 3.6 million tons of wheat and about 1 million tons of flour. Of this about 450,000 tons of imported fancy flour was used for shamy and European (white loaf) bread. These breads must now be made entirely from domestically milled flour. Egypt's wheat imports in 1980 are estimated at 4 million tons and wheat flour imports at 800,000 tons.

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Prospects for HUNGARY having a record 1980 wheat crop are confirmed by the U.S. agricultural attache in Vienna, after a recent fieldtrip through Hungary's major grain producing areas. According to the attache report, harvested wheat area is

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likely to be about 1.32 million hectares, roughly the same area as in 1978 when the previous record of 5.7 million tons was harvested. Wheat yields this year could approximate those of 1978, producing another large crop. Thus 1980 production is expected to significantly surpass the 1979 outturn of only 3.7 million tons which resulted from reduced area and poor yields.

The 1980 corn crop, meanwhile, is likely to suffer from delayed planting and the unusually cold spring weather. Corn acreage was planned to total 1.35 million hectares in 1980 had farms been able to meet planting goals. Corn production was targeted at 7.2 million tons, versus 7.4 million tons in 1979. This year's planting and production goals appear unrealistic at this time.

If the projected total 1980 grain crop (including minor grains) of 13.6 million tons is attained, Hungary could have an exportable surplus of 600,000 to 1.1 million tons of grain during 1980/81. Hungary is currently the only East European country which is consistently a net exporter of grain.

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POLAND's 1980 winter grain crop appears now to be in much better condition than the heavily winter-damaged crop of 17.3 million tons harvested in 1979. Conditions in the fall of 1979 were favorable for fieldwork and for establishment of winter grains. Winterkill was comparatively minor and moisture supplies at end of April were near normal. However, area sown to winter grains at 4.9 million hectares, fell slightly short of the targeted 5.2 million hectares. A late spring made it unlikely that the total harvested grain area would reach the target of 8.3 million hectares. Harvested area in 1979 was 7.87 million hectares.

The small 1979 crop caused Polish grain imports to reach record levels of 8 to 8.5 million tons during the 1979/80 marketing year (July-June). That was the smallest grain crop since 1970 and 19.5 percent below the 1978 crop. The U.S. share of Poland's grain imports this year is expected to exceed previous levels because of the strong Polish demand for U.S. corn. If Poland's 1980 grain crop reaches its expected level, coupled with an average forage crop, some easing of grain imports in 1980/81 can be expected.

OILSEEDS AND PRODUCTS

MALAYSIA's production of palm oil is projected to expand to approximately 4 million tons by 1990, according to the Minister of Primary Industries.

Given the prospect of sharp gains in output and limited population growth, Malaysia's exportable supplies of palm oil are expected to continue to expand throughout the 1980's. Recognizing this, Malaysia is expected to organize more missions to such areas as China, West Asia and Japan to promote oil palm products.

As a result of heavy investment in refining capacity in recent years, Malaysia now exports more than 85 percent of its production as refined or fractioned products. Although most of this output has been used for food, inedible uses of palm oil could rise substantially in the decade ahead if prices for petro chemicals continue to outpace prices for vegetable oils and fats.

Malaysia's palm oil production projected to 1990 is as follows:

	Palm oil production in 1,000 tons	Population in millions	Per capita production in kilos
1965	151	9.5	15.9
1970	430	10.8	39.8
1975	1,253	12.4	101.0
1980	2,400	1/ 14.0	166.7
1990	4,000	1/ 18.3	218.6

1/ Projection by United Nations

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The PHILIPPINE Coconut Authority has submitted several recommendations to alleviate possible hardships for coconut farmers because of declining prices of coconut products in the Philippines and other markets. These include subsidies to farmers, the establishment of buying centers to eliminate middlemen and lifting of the export tax on coconut products.

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NORWAY's exports of fish meal and solubles recovered somewhat during October 1979 through February 1980. However, Norway's fish meal exports continue to lag behind those of previous years. The data are as follows in 1,000 tons:

	1975/76	1976/77	1977/78	1978/79	1979/80
Oct-Feb	180.7	156.0	162.9	107.7	123.9
Mar-Sep	254.5	292.8	154.0	232.8	
Total	435.2	448.8	316.9	340.5	

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CANADIAN exports of rapeseed and flaxseed during August-April 1979/80 were up significantly from the same months in the two previous marketing years, according to preliminary shipping statistics supplied by the U.S. agricultural counselor in Ottawa. The data are as follows in 1,000 tons:

	1976/77	1977/79	1978/79	1979/80
Rapeseed	705.9	754.7	1,239.7	1,389.5
Flaxseed	171.7	146.4	315.8	334.2
Total:				
Soymeal equivalent	368.6	376.3	654.2	723.7
Oil equivalent	340.8	351.7	603.3	669.4

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Canadian export shipments of rapeseed during the four weeks ending April 30, 1980, totaled 139,100 tons, compared with 128,000 tons and 101,900 tons in the comparable periods of 1978/79 and 1977/78. During the same four-week period, Canadian shipments of flaxseed totaled 41,200 tons, compared with 27,900 tons and 9,600 tons in the same weeks of 1978/79 and 1977/78.

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Soybean disappearance (crushings plus exports) in the three leading producer-exporter countries, the United States, Brazil and Argentina, during January-March 1980 totaled 16.1 million tons--11.1 percent above the same months in 1979. This is the third consecutive quarter of accelerated percentage gains from a year earlier in soybean disappearance. The increased use reflects record large 1979 U.S. crop supplies, coupled with the record large harvest now underway in South America.

Quarterly crushings and exports of soybeans in the three major producer-exporter countries are as follows in millions of tons:

	United States		Brazil		Argentina		Total 1/	Quarterly changes from previous year in percent
	Crush	Exports	Crush	Exports	Crush	Exports		
1976/77								
Oct-Dec	5.96	5.01	1.91	.26	.14	.02	13.30	+ 2.9
Jan-Mar	5.94	4.60	.95	.03	.11	.03	11.67	- 1.3
Apr-Jun	5.02	3.90	2.43	.96	.11	.18	12.60	- 8.9
Jul-Sep	4.13	1.64	2.46	1.42	.14	.33	10.13	- 11.1
1977/78								
Oct-Dec	6.74	6.05	2.40	.17	.22	.07	15.64	+ 17.6
Jan-Mar	6.73	4.72	1.68	.07	.13	.04	13.38	+ 14.7
Apr-Jun	6.40	5.86	2.86	.50	.13	.60	16.34	+ 29.8
Jul-Sep	5.88	3.45	2.92	.09	.18	1.26	13.39	+ 32.2
1978/79								
Oct-Dec	7.49	7.07	1.75	0	.21	.09	16.62	+ 6.3
Jan-Mar	7.11	5.82	1.37	.03	.16	.03	14.51	+ 8.4
Apr-Jun	6.88	4.23	3.64	.48	.15	1.39	16.78	+ 2.7
Jul-Sep	6.34	3.08	2.86	.13	.19	1.29	13.89	+ 3.8
1979/80								
Oct-Dec	8.21	7.76	1.30	0	.17	.24	17.68	+ 6.4
Jan-Mar	8.41	6.21	1.38	0	.13	0	16.12	+ 11.1

1/ Computed from unrounded data

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Although growth in the current season is geared to expanding meal demand, the increase in meal utilization exceeds the aggregate increase in high protein consuming animal units in the major markets. This indicates that despite lower feed profitability ratios, soybean meal feeding rates have been expanding. Soybean meal is now more competitively priced in relation to grain than a year ago.

During April 1980, soybean meal prices in the European Community (EC) were 13 percent under the price of corn. On a quarterly basis, meal prices in the EC have never been less than 12 percent under the board free corn price (including the variable levy), even during the recession of 1975.

Although the soybean meal/corn price ratio in the United States is still substantially above those registered in 1974/75, it should be noted that the April 1980 EC board free price of corn at $256 per ton was 50 percent above the same period in 1975. Thus despite reduced U.S. feed profitability ratios, the meal/corn price ratio in Europe tends to support meal prices above the 1975 level despite record large supplies.

The quarterly soybean meal/corn price ratios for the United States and EC are as follows:

		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
1974/75	U.S. 1/	1.26	1.18	1.26	1.30
	E.C. 2/	1.14	.92	.88	.99
1975/76	U.S. 1/	1.42	1.47	1.68	1.90
	E.C. 2/	.96	.98	1.13	1.30
1976/77	U.S. 1/	2.33	2.58	3.18	2.45
	E.C. 2/	1.18	1.35	1.45	.92
1977/78	U.S. 1/	2.32	2.21	2.15	2.32
	E.C. 2/	.95	.89	.93	.89
1978/79	U.S. 1/	2.50	2.45	2.32	2.12
	E.C. 2/	.95	.95	.97	.95
1979/80	U.S. 1/	2.19	2.01	3/1.88	
	E.C. 2/	.96	.88	3/ .87	

1/ Soybean meal prices, bulk Decatur, divided by the average corn price received by farmers. 2/ Soybean meal, U.S. origin c.i.f. Rotterdam, divided by the average corn price, U.S. origin board free basis (includes import levy). 3/ April only.

HORTICULTURAL AND TROPICAL PRODUCTS

U.S. imports of canned mushrooms totaled 10,993 tons (drained weight equivalent) during the first quarter of 1980, up 22 percent from the same period of 1979. The largest supplier was Taiwan which accounted for nearly half of the total.

Shipments from Taiwan were up by 76 percent over the first quarter of 1979, but were only 6 percent above first quarter 1978 shipments. Imports from South Korea, which supplied 30 percent of total imports, were down by 10 percent from last year. Hong Kong supplied 13 percent less than in the previous year.

U.S. imports from China totaled 433 tons during March, 1980--about 10 percent of U.S. imports for that month. This marked the first time that country has sent large-scale shipments of canned mushrooms to the U.S. market. The United States granted China most-favored-nation status on Feb. 1, 1980.

The Portuguese colony of Macao, located near Hong Kong on the South China coast, began to ship canned mushrooms to the United States in September 1979. U.S. imports from Macao were 176 tons during the first quarter of 1980.

TOBACCO

The FRENCH tobacco monopoly (SEITA), in response to the European Community (EC) Commission pressure to conform to the Rome treaty's rules on competition, has agreed to alter its exclusive distribution system for tobacco products in France. Beginning Jan. 1, 1981, three options will be open to foreign manufacturers wishing to distribute their products in the French market--to set up their own distribution networks; to sign a contract with SEITA giving it exclusive distribution rights for all their products for five years; or to sign a two-year exclusive distribution agreement with SEITA for specific products.

The EC Commission has approved the new arrangements but intends to monitor implementation of contracts signed between SEITA and foreign manufacturers. The French market, traditionally dominated by dark tobacco cigarettes, has experienced growing sales of cigarettes blended from light tobaccos. In 1979, blended cigarettes, mostly imported from other EC countries, accounted for about 25 percent of sales, double their market share in 1975.

NEW RELEASES

World Tea Production Falls Slightly in 1979, Production Likely Higher in 1980 (Foreign Agriculture Circular FTEA 4-80).

TO ORDER releases, write: U.S. Department of Agriculture, FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250.

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INTERNATIONAL WEATHER AND CROP SUMMARY, MAY 12-18

USSR--Cold, wet weather further delayed both fieldwork and development of crops over most of southern European USSR. Fieldwork had been advancing more rapidly recently, but near freezing temperatures slowed germination and growth

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dramatically. Moderate rainfall in the lower Volga Valley benefited spring-sown crops, but the upper reaches of the valley remained too dry.

In the New Lands, only very light scattered rainfall occurred during the first part of the week. However, by mid-week heavier, scattered showers fell east of the Urals. Soil moisture in the New Lands remains generally in good supply as the planting begins. Dryness in some eastern areas might cause significant germination problems, but the affected area is relatively small.

EUROPE--Little or no precipitation fell over most of northern Europe. Most crop areas in the north have adequate soil moisture due to above-normal rainfall in previous weeks, but concern is increasing in England about conditions being too dry for germination and development of spring-sown crops. Large amounts of precipitation spread through Spain, southern France, Italy and the Balkan countries. This persistence of wet weather in the Mediterranean countries was not favorable for winter grains, which were turning color in many areas.

CHINA--China received more widespread rainfall than in previous weeks. Substantial amounts occurred in the Sichuan Valley, southern Manchuria, and the winter wheat belt. The abnormally heavy rainfall in the winter wheat belt may have caused some damage, as wheat was probably turning color in most areas, and lodging could well have occurred with the heavier rains. Precipitation was spotty in the Yangtze River basin, but continued heavy rain along the south coast prolonged flood problems. Temperatures averaged roughly normal, but with fairly large daily fluctuations.

SOUTH ASIA--The rainfall pattern has changed very little over the past few weeks with moderate shower activity continuing in the south, light scattered showers falling along the eastern coastal regions, and frequent showers, occasionally heavy, occurring in and around Bangladesh. These appear to be normal pre-monsoon showers. Atmospheric patterns indicate that the monsoon might be advancing up the Malaysian Peninsula.

AUSTRALIA--In the southern portion of Australia, only small amounts of rain fell in the winter wheat crop areas. Dry weather returned to the croplands of New South Wales, but nearly all wheat areas should have adequate soil moisture for planting to continue.

SOUTHEAST ASIA--Shower frequency increased in and around the rice crop area north of Bangkok. Although data receipt was poor, many places reported near normal accumulations during 4 or 5 days. This increase in shower activity may mark the start of the monsoon season which normally begins in late May, and will indeed be welcomed by farmers.

NORTHWESTERN AFRICA--Some light rain fell over most of northwestern Africa. However, accumulated amounts were near or below normal, except in limited areas along the coast of northern Morocco and Algeria. Rainfall totals for the month are still below normal in the winter wheat crop areas, and harvest should now be continuing unimpeded.

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SOUTH AMERICA--Heavy showers caused some flooding again in Buenos Aires Province early in the week, then moved north into Uruguay and Brazil. The rainfall in southern Buenos Aires maintained favorable conditions for sowing of winter grains. Cold temperatures behind the storm pushed northward, but it is unlikely that frost occurred in the soybean crop area, as freezing temperatures remained generally south of Buenos Aires. Even the late soybeans in Argentina have probably ceased filling and a freeze now would have little impact. In Brazil, the somewhat lighter rainfall in Rio Grande do Sul this week allowed soybean harvesting to continue.

MEXICO--Heavy rains moving across the northeastern border states benefited grain sorghum and corn. These crops, planted in February and March, were in a peak water use period by mid-May. Abundant rain provided plentiful soil moisture for citrus and sugar cane at Valles. Moisture was still adequate in the southern citrus belt but well below the norm in the Montemorelos district where only half the crops are irrigated. Other major agricultural areas were mostly dry. Drought, severe and slowly intensifying in the northwest, is reducing yield prospects of summer crops and rangelands. No relief is in sight because the rainy season usually begins in late summer.

CANADA--The Prairie Provinces experienced cold, dry weather during the early part of the week. Later in the week, some very light rain fell in the northwestern crop areas of Alberta and northern crop areas in Manitoba, but most of the belt remained dry. Warmer weather associated with the rain drove maximum temperatures into the seventies, with lows in the forties. Most of the spring grains have been sown, but prospects for germination remain slim, and yield potentials will soon begin to decline.

Prepared by the Joint Agricultural Weather Facility
of USDA and NOAA. Tel: (202) 447-8760 - 447-7917

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 20, 1980		Change from previous week	A year ago
	Dollars per metric ton	Dollars per bu.	Cents per bu.	Dollars per metric ton
Wheat:				
Canadian No. 1 CWRS-12.5%..	1/	1/	1/	172.00
U.S. No. 2 DNS/NS: 14%.....	202.00	5.50	+22	166.55
U.S. No. 2 DHW/HW:13.5%....	1/	1/	1/	165.50
U.S. No. 2 S.R.W...........	189.00	5.14	+2	163.50
U.S. No. 3 H.A.D...........	240.00	6.53	+32	180.00
Canadian No. 1 A: Durum....	262.50	7.14	+38	187.00
Feedgrains:				
U.S. No. 3 Yellow Corn.....	138.00	3.51	+8	133.50
U.S. No. 2 Sorghum 2/......	1/	1/	1/	119.50
Feed Barley 3/.............	140.50	3.06	+8	120.00
Thailand Tapioca...........	174.35	--	+3.15 5/	--
Soybeans:				
U.S. No. 2 Yellow..........	260.50	7.09	+14	301.90
Argentine 4/...............	253.90	6.91	+7	289.50
U.S. 44% Soybean Meal (M.T.)	223.00	--	+1.00 5/	242.00
EC Import Levies				
Soft Wheat.................	118.05	3.21	+5	131.05
Corn.......................	131.70	3.35	+6	118.40
Sorghum....................	123.70	3.14	+13	136.70
Barley.....................	124.30	2.71	+11	137.25

1/ Not available
2/ Optional delivery: U.S. or Argentine Granifero Sorghum
3/ Optional delivery: U.S. or Canadian Feed Barley
4/ Optional delivery: Brazil Yellow
5/ Dollars per metric ton

NOTE: Basis June delivery

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